

P R E S S R E L E A S E

For: IMMEDIATE RELEASE

Date: June 14, 2004

Contact: Tammy Carlson

(701) 328-5653
1-800-472-2166, ext. 5653

Lower Interest Rates to Benefit Student Loan Borrowers

Bismarck, ND – Effective July 1, federal student loan interest rates will drop to the lowest rate in more than three decades, resulting in savings for student loan borrowers, according to Eric Hardmeyer, president of Bank of North Dakota (BND) in Bismarck.

Most students with variable rate Stafford loans through Student Loans of North Dakota (SLND), a division of Bank of North Dakota, will have an interest rate of 2.77% while in school, deferment, or grace, dropping .05% from last year's rate of 2.82%. Borrowers that have already entered repayment will enjoy a rate of 3.37%, compared to the former rate of 3.42%. The Parent Loan for Undergraduate Students (PLUS) interest rate will drop from 4.22 % to a record low of 4.17%.

"Three years ago, student loan interest rates were at 5.99%. If you compare that rate with the new interest rate of 2.77%, borrowers with \$10,000 in student loans and a 10-year standard repayment plan can save \$1,856 in interest over the life of the loan," said Hardmeyer.

Stafford and some PLUS loan interest rates are adjusted annually according to a formula based on the 91-day Treasury bill rates. The new rates are in effect from July 1, 2004 through June 30, 2005.

Another way to take advantage of the low rates is for borrowers who are no longer attending school or have graduated to look at consolidating their eligible student loans, which locks in the interest rate for the life of the loan. Borrowers will have until June 30, 2005 to consolidate their loans at the new rate. "To offer the best rate to borrowers, we are holding current consolidation applications until the lower rates go into effect in July," said Julie Kubisiak, director of Student Loans of North Dakota. "The lower rates on student loans allow SLND to continue its commitment of helping people achieve their dream of a higher education"

For more information about student loans or the consolidation loan program, student and parent borrowers should contact SLND at 1-800-472-2166, extension 5828.

BND, the nation's only state-owned bank, was established in 1919 to encourage and promote agriculture, commerce and industry in North Dakota. The nation's first federally insured student loan was made by BND in 1967. SLND is administered by BND and offers a variety of loan programs to help students and parents finance a college education.

###